

**U.S. Trade Representative Robert B. Zoellick**  
**Press Conference following Meeting with Central American Presidents**  
**April 10, 2003**  
**Washington, DC**

**Amb. Zoellick:** Buenos Dias.

Well, I'd like to thank all of you for coming. I suppose it's probably appropriate for me to introduce Regina Vargo. She's our chief negotiator for the CAFTA negotiations. I think we've had an excellent day of meetings with the presidents of Central America, and with their trade and foreign ministers who joined us as well. And I wanted to start by thanking all of them for taking the time to come to be with us.

Let me give you a sense of the schedule. I just returned from a meeting, about an hour ago, at the White House where President Bush met the five presidents and emphasized his strong interest in the CAFTA, and reaffirmed our goal of seeking to finish those trade negotiations this year so we can bring them to the Congress for action next year.

We started the day with a breakfast meeting, that Senator Frist and Senator Daschle were thoughtful enough to organize for both the members of the House and the Senate. It was a bipartisan group of Congressional leaders, to build support for CAFTA, with the Congress, and to foster an exchange of some of the perspectives. We had a working meeting, on the CAFTA with the presidents and the ministers at the Blair House. And we used that to review the progress of the negotiations so far, and tried to focus on some of the key challenges to keep our work on track. We stressed the importance of trade capacity building, as an important component of this process. I had a working lunch at the Blair House with the presidents and the ministers to emphasize the significance of trade and development in Central America, and invited Enrique Iglesias of the Inter-American Development Bank, as well as Administrator Andrew Natsios of AID, who took part and made some remarks about the efforts that they are making to support the negotiations. And the presidents and their ministers went on to an afternoon session that was being hosted by the Chamber of Commerce, and I will join them later, at a reception, before dinner, to draw in the business community to our work.

Overall, the visit shows that President Bush and the United States are strongly committed to Central America and the CAFTA. Even in the midst of war, President Bush and Congressional leaders, senior members of the Cabinet, wanted to discuss the importance of trade and development in Central America. And indeed, a number of the Central American presidents mentioned to President Bush their appreciation that at a time of very important world events, he would meet with them, and was thoroughly engaged in discussing with them the issues that are important for Central America and North America together.

The President emphasized how CAFTA is a concrete example of his belief that the U.S. success in countering security threats helps lay the foundation for a larger international strategy of advancing openness, supporting democracies, and creating economic opportunity and hope. And CAFTA is certainly a signal of the United States' ongoing commitment to the hemisphere during a period that we know is marked with difficulties. And indeed, this is a point that President Bush stressed and some of the other presidents of the Central American countries focused on as well,

one mentioned how he had recalled President Bush's comments at the time of the Quebec City Summit, I believe it was April of 2001, about his commitment and that we were following through in a concrete way.

So in terms of where we stand in the negotiations, as many of you may recall, I met with my trade minister colleagues here in Washington in January to launch the process. That led to three negotiations so far, which my colleague Regina has supervised: in Costa Rica, in Cincinnati, and last week in San Salvador. And we feel all the signs are positive. We're making excellent progress on issues. We've exchanged text in a number of areas. And we believe we're on track to finish the FTA this year. And that was a point that was mentioned by President Bush as well as some of the Central American presidents.

An important objective of this day was to try to build support on Capitol Hill for the CAFTA negotiations. And so I'm very pleased that the presidents could take time for a breakfast meeting, and we had excellent attendance from leaders in the House and Senate, some from the foreign policy side, some from the trade side. And I know this is a very busy period for them too as they are trying to get out before the recess. And I think this was a discussion that helped to cover a range of key issues, some of them on economic side, whether it be agriculture, or services, intellectual property, transparency, good governance. But also the importance of other issues, the human rights agenda how this supports democracy, how this fits into Central America's larger focus on regional integration.

We discussed at all these meetings the sensitivity that we have to the fact that we, in the United States are negotiating with countries that are very different in size and level of development. And how we also view CAFTA as an important catalyst for further economic development and integration in Central America. Again and again, we emphasized this is more than a trade agreement, it's about development, it's about democracy, it's about opportunity, and it's about hope.

We also emphasized at the meetings at both the White House and Capitol Hill that we need to bring back a good deal for American workers and farmers and consumers and businesses. I think the trade capacity discussion was particularly important. This was the first time in any of our negotiations we've set up a parallel process to focus on capacity building. And we're very lucky to have two strong partners like President Iglesias of the Inter-American Development Bank and Andrew Natsios of AID. This covers everything from practical help, from trying to make sure that delegations have the appropriate information technology, and computers to take part in the negotiation, to categories of trying to implement the agreements, sanitary and phytosanitary standards or property rights, to linking it to structural reforms in countries. President Iglesias talked about his work in Costa Rica in terms of structural reforms, that are accompanying our trade effort.

And later this evening as I mentioned, I will attend this reception at the Chamber of Commerce, because as President Bush also mentioned, it's very important that we link the ties of our business community, both for support of the agreement to understand the challenges that we have, and then to make sure that the enabling framework we create through the agreement is one that is seized on by the business community.

Let me just close with a personal note on this. When I entered the Capitol building this morning,

I could recall a number of visits I made to the Capitol early in 1989, when I was an undersecretary of State working for Secretary Baker. And this was the period after the terrible strife in Central America, but also between the executive and the Congress, and within the Congress, about the trials, and civil wars and killings all throughout countries in Central America, particularly in Nicaragua and El Salvador. And that time we were pushing forward the effort to try to get support for the peace processes, and free elections, and to support countries that were under enormous stress. And I couldn't help but reflect on the fact, that time 14 years ago, the differences in the U.S. Congress on legislation to try to get support, were frankly as difficult as any I've encountered, and I've dealt with a lot of Congressional issues over the years. And now you have a bipartisan group, standing together, interested in trying to support democracy and economic growth in Central America.

On a similar note, when I was at the State Department, one of the things that I wished we had been able to do was to launch a free trade agreement with the Central American countries during the 1991-92 period. I had to have a second round, to come to this job to be able to do it. It's rare in life that you get a second chance, as we all know. So I think it's a wonderful opportunity to try to follow through on something that the United States, different parties, Congress and the Executive Branch, worked on with Central America. But frankly, the most important part is recognizing the steps the people of Central America have taken, the efforts they've taken to build democracies, to build open societies, to build rule of law. This is a process that is far from complete. We're well aware of that. The President mentioned it. We've got five democratically elected presidents, coming together, trying to improve the lot of people in their society, and to do so in a way that strengthens their links to the United States economy, and society and democracy. So, we're very pleased with this day. We know we have a lot of work to do, but we're committed to getting it done. So, I'm pleased to take your questions.

**Question:** Mark Drajem, Bloomberg news. [unintelligible] the Chile agreement is stalled if not altogether stopped because you haven't put together a signing ceremony. Why haven't agreed [unintelligible] coalition on Iraq?

**Amb. Zoellick:** I wouldn't say we're stalled, in fact just last week we completed, and put the full text on our Internet website, which we were working through. We had finished that earlier with Singapore than we did for Chile. And tomorrow, I'm actually going to be up for the Congressional Oversight Group, the COG, as stipulated by TPA, to talk about both Singapore and Chile. You're correct that we have a visit set for the Prime Minister of Singapore, I think it's May 6, for signing that agreement. We don't have action or a decision yet on the signing for Chile. And people were disappointed with Chile's position. But we're continuing to move forward with our preparations. I'm consulting with people on the Hill on this. There are disappointed people on the Hill. We've alerted the Chileans that this would be the case. But we feel that we have a good agreement, we feel it's good for both countries, and I have no doubt that ultimately we'll proceed.

**Question:** [unintelligible]

**Amb. Zoellick:** Well, I'm glad you raised the question. It's true. We had discussions with the Dominican Republic as well. I discussed this with President Mejia personally. One of the reasons that we focused on these five countries was that they decided among themselves to create an economic unit, as you know. So it's the Central American Economic Community. And one of the

points that we stressed today was the fact that this is not just an agreement with each of the five and the United States, but it's an agreement among the five to reduce barriers among the five. Now Panama was not part of that process. As you know, the structure of Panama's economy is somewhat different, much more of a service industry. We took very seriously the comments by our friends in Panama and the Dominican Republic about wanting to make sure that they also have an opportunity to use trade for development. So, Regina has actually had bilateral discussions with both of them in terms of trying to improve trade relations at present, but we've also look to the possibility of other options.

Now, one area is that we've all been working together on the ALCA together, the Free Trade Area of the Americas, and were committed to the co-chair with Brazil to try to push that forward in the time frame that our leaders set up for 2005. We've also had discussions about the possibility of the docking concept. Now it's a concept that we're still thinking through and we'd have to discuss with the countries, but it's one that, to me, is a real possibility for both the Dominican Republic and Panama.

At this point, we're trying to focus on these five countries, and obviously, any concept like this we have to discuss with the Congress and how it would work, and you know there's some interest to that nature up there. And the basic concept would be whether countries would be, in a sense, docked into the structure and legal framework that we're working on with the Central Americans. You would probably do the market access arrangements differently, but the basic rules of intellectual property, dispute settlement, those aspects, would be done in common. So that's something we want to pursue seriously with our counterparts. But at the same time, we also want to keep trying to improve our bilateral relationship, and, as I've said to a number of the countries, we have areas, impediments that we would try to work with whether it be intellectual property, or investment disputes. And as we conclude those away, it creates a better opportunity to move forward in this context as well.

**Question:** [unintelligible, in Spanish]

**Amb. Zoellick:** Ein momento. [laughter] Un momento - I'm speaking German Spanish. [laughter].

**Question:** [unintelligible]

**Amb. Zoellick:** Well, a number of the ministers emphasized the importance of agriculture, as did we. And this discussion came up from some presidents who were concerned about what trade lawyers call "asymmetry." I have to come up with a better standard for it. But it's the idea that we would move at different paces in terms of the liberalization. And that's a point that we acknowledge. And as I said, we recognize that countries are at different stages of development. It turns out that today that about 74 percent of Central American exports come into the United States duty free. Now it's a bigger step to be able to lock that in permanently, because they come in under preferential agreements that can expire or be changed. So we feel we are already relatively open on those topics. But we acknowledge that we will move at multiple paces, but we also have an interest in trying to sell our agricultural products in Central America.

The second part of this is that we've discussed with our colleagues in Central America the vital importance of working together on what are called "SPS" issues, sanitary and phyto-sanitary

issues. In fact I've talked about this with Minister Lacayo. Because we want to be in a position where after we've removed the formal barriers, that we don't have unfair barriers related to other standards. And we will pursue those in a way that reflects a scientific basis. And we're adamant about that because as a farm exporter, we find it extremely frustrating that people block our agriculture goods through a non-scientific basis. And so we are, in parallel to this negotiation, having discussion with our agriculture ministries, dealing with plant and health and inspection services, to be able to try to make sure that we understand one another's barriers, and where we can, remove them. This is another area where the Inter-American Development Bank, and AID are trying to help. So, that's another part of the agriculture discussion.

You mentioned subsidies. And frankly, we've been very pleased with the support we have from our Central American partners in the WTO negotiations, where we've also discussed this. Because as we've made very clear in our free trade agreement negotiations, we can't be reducing our subsidies unless we can get the other major subsidizers, in particular the European Union, to cut. That's one reason we put forward a very bold proposal in the Doha negotiations to eliminate export subsidies, and basically cut \$100 billion dollars out of domestic subsidies. And so we need the help of Central Americans in trying to push the European Union on that. We recently discussed this issue in the context of a missed deadline to agree on the modalities for Doha.

Now in the case of the Chile Agreement, we took one other step, which we are determined to move away from export subsidies in very small amount. We also agreed in the Chile Agreement that we would not use export subsidies in Chile if it didn't accept export subsidies from us. So that's another possibility, but you're right to focus on agriculture. Regina and I are very sensitive to the fact that for a number of the Central American countries, agriculture is a critical part of their economy. They have a lot of poor people in the agricultural sector. As President Bush emphasized, the purpose of this agreement is not just trade. It is to try to help poor people and workers better their lives, so we need to do this in a way that helps both sides. Now, the other point is that many people in El Salvador and elsewhere can benefit from lower priced, quality foods, so if you are not a farmer, it helps you to actually have lower price food, as it does in the United States as well. So, it's a key area of our negotiations. And so far, I'm relatively pleased with the start, but I have no doubt that this will be one of the issues that will take us to the end.

**Question:** Ted Alden from the Financial Times. I'd like to ask about investment. Obviously from the Central Americans [unintelligible] on of the key things [unintelligible] problems for a long time, particularly in Costa Rica [unintelligible] expropriations [unintelligible]. Can you give me an any sense of what the U.S. is going to ask for [unintelligible].

**Amb. Zoellick:** I don't think we've put down the exact language yet, but I would expect that the type of agreement that we had in Chile will be very close to what we're looking for here. And Ted, two other points. One, it's one of the reasons that our leaders are stressing the importance of regional integration, because I think that we all recognize and the Central American presidents and ministers recognize to get the greatest benefits out of this agreement, as you say, it's not just a question of trade, it's a question of drawing investment. And so the more you can create an integrated market among the five, frankly it's a better investment opportunity. Now there have been some good moves in investment, just to give you two examples. My recollection is that Intel has done a rather a significant investment in Costa Rica, pleased with it and is part of our group supporting us. But another area we talked about is textiles and apparel, because under the Caribbean Basin Initiative, we're already integrating our textile and apparel sectors with Central

America. When the quotas come off in 2004, one of the challenges will be, what other countries will be the source of textile and apparel production other than China, which will be very competitive. So one of the things we talked about actually today, Ted, was how to move that part of the negotiation forward as quickly as we can, so as to let the retailers and the sourcers know is that what we did under CBI will actually be further expanded. That's another aspect of investment.

And then the other part of it was, as you may recall, during the Trade Promotion Authority we had investor state issues that we worked through with great care and difficulty, and we're very pleased with the compromise we came up, which we used in Chile and Singapore, and that's been part of our approach here as well. So you're right, it's a key area, and the presidents definitely recognize the importance of this because as President Maduro emphasized, which is not surprising because he's a former central bank president, he's looking at the growth statistics and what they need in terms of investment and in terms of increasing the rate of growth relative to population growth.

The other point, your question makes me think about, is that we've got five very extraordinary presidents here, and we recognize, have challenges at home. But the way they work together, the way they recognize the economic opportunity, is one of those moments in time that you don't want to let slip. So I think that everyone left with a strong feeling, and the instructions that Regina and I came out of with President Bush, was – get it done on time so we can move it forward.

Question: Keith Koffler, Congress Daily [unintelligible]. Back on Chile, can you give us more [unintelligible] about whether you think there will be some time. And also, [unintelligible], as a practical matter [unintelligible] cool off [unintelligible]

**Amb. Zoellick:** Well, look, I'm being frank as I've been with the Chileans during the process. You know, people are disappointed. I'm disappointed. You know, we worked very closely with our Chilean partners. We hoped for their support in a time that we felt was very important. All you had to do is turn on your TV sets to see what difference freedom makes to people in Iraq. So it's a disappointment, but we also emphasized that this is a free trade agreement that we think is good for both countries. We think it's in our economic interest. I think it's a good signal for the hemisphere just as the Central American agreement is. So the timing of the Singapore visit, frankly, came because Prime Minister Goh was coming here, and I don't really know for sure whether that was related to the agreement or not but it obviously gives this an opportunity to sign the agreement.

So we'll work through these issues, and I think, you can make the argument either way with the Hill. On the one hand, you want the people to vent some of their frustration for awhile. On the other hand, it's important to move the process forward because we have a good product. And here's the other side of it: Chile's agreement with the European Union goes in to effect, what was it in February? And so the longer we wait, the more our business interests who are already disadvantaged relative to the Canadians or relative to countries in Mercusor will be damaged with the European Union, so we have to take care of our interests as well.

**Question:** [unintelligible]

**Amb. Zoellick:** I don't have a particular time frame. What I'm trying to do is – I'm moving the process forward. I have, under the Trade Promotion Authority rules, if you ever stand to read them all, I have tons things: ITC reports, this reports, so I'm taking a step tomorrow by going before the COG to talk about both agreements, so that we have that prepared.

**Question:** [unintelligible] I am clear on the commitment of the U.S. to trade. My question is, are you going to be able to sign this agreement, without exceptions because [unintelligible]?

**Amb. Zoellick:** Actually you reminded me of a point I forgot to answer from this women's question here. We're covering all products in agriculture so we're not excluding anything.

On some of the services industries, and particularly telecommunications in Costa Rica, we know that is a very sensitive issue. And so we - but at the same time we should recognize that a more competitive telecommunications sector that provides more services is really fundamental to Costa Rica's growth, because if you are going to be linked into global sourcing networks, and frankly the information technology world of tomorrow, one's going to need to have efficiency and low cost producers. So we try to discuss ways, without raising the issue of privatization, that we can try to have more competition in services. I think that is the line and approach we will take.

But your question makes a very good point and its one that I discussed with the presidents. I think that all six of our countries recognize the benefits of openness, and if we could do that tomorrow we would. But we each have political difficulties and we have structural issues, economically. And so I have always seen these exercises as problem-solving exercises. Some people talk about trade negotiations as if somebody takes something from somebody else's pocket – that's not the way it works in my view and frankly it won't lead to a very constructive overall effort. You look to see, ok, I certainly know that this has been a sensitive issue for a number of your political leaders, but on the other hand we don't want to leave Costa Rica behind in terms of telecommunications services. Because if you are going to keep drawing investments with companies like Intel, you are going to need to be able to have competitive services.

**Question:** Sam Gilston, Washington Tariff and Trade Letter. You mentioned the steel tariffs situation. [laughter]

**Amb. Zoellick:** We're working on it. [laughter]

**Question:** You mentioned the Dominican Republic and Panama [unintelligible] make a long list of countries that have either requested FTA talks or have been mentioned by various parties intended for trade agreements in the future. Could you explain the criteria you are using to evaluate those candidacies and the priorities that will [unintelligible] and where can we look for the next step?

**Amb. Zoellick:** Ok, I don't want to got too long on this one. But, I may need to have you as a witness because I get all these other questions from journalists saying, given the conflict in the Gulf, are people still interested in trade agreements and you're a good testimony that I can bring up to say, believe you me, they're still interested.

The first part was, we look to some guidance from congress and both the Carribean Basin Act

and the AGOA Act, the African Growth and Opportunity Act, had language in there encouraging us to look to move from preferential agreements to free trade agreements. So what happens is getting the sense from Congress of what it has guided us to do. And also I'm having discussions with members of Congress.

Second, we clearly want to emphasize that the United States is a global trading nation. And so I've been very sensitive to the fact that we have tried to approach free trade agreements with both developing and developed countries in all regions of the world. So after Chile and Singapore we wanted to have another group in Latin America which we did with Central America, North Africa for Morocco, Southern African customs union, Australia for the Asia Pacific.

We've also, to mention another point is, we've tried to lay the ground work through things like the Enterprise for ASEAN initiative, and through what we call TIFA's the trade and investment frame work agreements; where we explore with countries who are interested in having a free trade agreement whether they could really take on the seriousness of this commitment because we do very comprehensive agreements. Some countries, developing countries under the WTO rules can include something and leave some things out. Our good friends in the European Union that have over thirty, have tended to do them in a more [unintelligible] fashion. We include : intellectual property, services, agriculture, goods, so it's not an easy task.

We can also in those processes, use them to build support. Build support in their country, build support in our country. And draw the business communities together, and frankly as some of you were asking, to try to clear off some of the underbrush. You've got investment problems intellectual property rights issues, other points of conflict.

Now, what we also do is frankly look for countries that will be good partners in openness and free trade more generally. In other words, another point that we've discussed with our colleagues today was we can't slack in our commitment to the ALCA [FTAA] and the WTO. So the countries we work with frankly become very good partners in this regard. And frankly, for some of the countries that have approached me on this, I've said, "Look, it's not just a question of words or vision. You have to do reality here and we need to see some movement and cooperation in some of the other negotiations.

Another factor is whether certain countries are already getting benefits. We worked very hard as part of the trade act last year as you know, just in the Andean Trade Preference Act. So that's a benefit those countries have and right now we're focused on the implementation of those benefits. So there are a number of factors that would go into this.

And also, and certainly it's a spirit of cooperation and partnership with countries on different issues. So as I've said, in the case of Morocco after Jordan, I think it's a very good signal to the Muslim world and to Arabs about openness and open opportunity and development. And I guess the way I would close then, with your point, is that I've said in other forums and talked about this with members of Congress, just as my remarks today pointed out, you know, if you look at the President's speech before the American Enterprise Institute, he was talking about the fact that our goals in Iraq were certainly to deal with the enforcement of UN resolutions on weapons of mass destruction, the links to terrorism, the security issue, but that's not all our agenda. The long term success of this effort is building economic openness, as well as prosperity in the Middle East and Gulf. And that's where some of the work that's already been done with Jordan, Morocco is



spurring other changes. I met yesterday with the Finance Minister of Bahrain. Later this week, we are having a TIFA with them. They've made tremendous progress. And as you know, there are other countries in the Middle East; Egypt who we've tried to work with on different items.

So what we are doing is trying to lay the groundwork and it would be natural obviously to try to see what else we can do in the Middle East and Gulf to send a signal after this conflict about trying to open doors of opportunity economically.

**Question:** [unintelligible] lifting sanctions to Iraq

**Amb. Zoellick:** We've had interagency discussions about the ability to move those processes forward and I've, frankly just assume that those issues will get taken care of as we move forward here. [unintelligible]

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